

Message Text

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15

ACTION NEA-10

INFO OCT-01 ISO-00 AS-01 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

PA-01 PRS-01 /093 W

----- 055226

R 180508Z NOV 75

FM USINT BAGHDAD

TO SECSTATE WASHDC 2560

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

C O N F I D E N T I A L BAGHDAD 1190

E.O. 11652: GDS

TAGS: PFOR, ENGR, IZ, KU

SUBJ: IRAQ GOES PUBLIC IN OIL POLICY DISPUTE WITH KUWAIT

1. ON NOV. 17, GOI PUBLISHED AN OFFICIAL STATEMENT EXPRESSING REGRET AT UNILATERAL DECISION OF GOVT. OF KUWAIT TO REDUCE PRICES OF KUWAIT OIL IN CONTRAVENTION OF UNANIMOUS AGREEMENT REACHED AT LATEST MEETING OF OPEC MINISTERIAL COUNCIL. STORY HEADLINED IN ALL BAGHDAD PAPERS. ASSUME DEPT. RECEIVED FULL TEXT OF STATEMENT ON FBIS.

2. IN STATEMENT, GOI ALLEGES THAT KUWAIT HAD TURNED DOWN IRAQI PROPOSAL FOR LOWER PRICES FOR HIGH SULPHUR CRUDE AT LAST OPEC MEETING. NOW KUWAITIS HAD DECIDED TO DO UNILATERALLY WHAT THEY
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HAD OPPOSED AT THE MEETING. STATEMENT ALLEGED THAT KUWAIT'S

ACTIONS WERE DAMAGING TO OPEC UNITY AND ENABLED "MONOPOLY" OIL COMPANIES TO UNDERCUT NATIONAL OIL COMPANIES. STATEMENT ENDED BY ASKING KUWAITI AUTHORITIES TO "FREEZE THEIR MEASURES" PENDING A UNANIMOUS DECISION WITHIN FRAMEWORK OF OPEC FOR DIFFERENTIAL PRICING OF OPEC OIL.

3. COMMENT: SINGLING OUT KUWAIT FOR ATTACK ON THIS ISSUE, IN FACE OF CURRENT WIDESPREAD CONFUSION IN OPEC PRICING POLICIES, INDICATES GOI MAY HAVE OTHER MOTIVES FOR CREATING TENSION IN ITS BILATERAL RELATIONS WITH KUWAIT. KUWAIT AMBASSADOR IN BAGHDAD TOLD ME LAST WEEK THAT BORDER ISSUE HAD BEEN QUIET IN RECENT WEEKS AND FOR TIME BEING IRAQI-KUWAITI RELATIONS WERE CALM. THERE HAVE BEEN RUMORS CIRCULATING IN BAGHDAD DIPLOMATIC COCKTAIL CIRCUIT, HOWEVER, THAT GOI WAS DISSATISFIED WITH ITS RELATIONS WITH GOK DESPITE THE APPARENT LACK OF TENSION. IT MAY BE THAT GOI, NOW THAT IT HAS IMPROVED RELATIONS WITH MOST OF ITS NEIGHBORS, HAS DECIDED TO STEP UP THE PRESSURE ON KUWAIT TO MAKE CONCESSIONS ON THE BORDER DISPUTE.
WILEY

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